

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2568-01  
Bill No.: HB 1052  
Subject: Department of Social Services - Division of Family Services: Charities  
Type: Original  
Date: January 8, 2002

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$503,261)	(\$623,449)	(\$645,893)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$503,261)</b>	<b>(\$623,449)</b>	<b>(\$645,893)</b>

**- SUBJECT TO APPROPRIATION-**

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services - Division of Family Services (DFS)** assume existing DFS staff will absorb all necessary administrative functions to operate this program. The DFS officials state the following information represents the potential cost to assume payment of the fees associated with this program and the data is based on a survey of food pantries that distribute federally donated agricultural commodities in addition to non-federal food products. The most current data available is for calendar year 2000.

DFS officials state the maximum Shared Maintenance Fee (SMF) that may be assessed is \$0.18 per pound. This fee is established by America's 2<sup>nd</sup> Harvest Food Bank national office and allows food banks to recover overhead expenses (i.e. transportation, storage, distribution, etc.). They state that five (5) of the six (6) food banks assess the SMF. The Central Missouri Food Bank does not assess the SMF. The food banks that assess the SMF are:

• America's Second Harvest of Greater St. Joseph	\$0.092
• Bootheel Food Bank	\$0.092
• Harvesters - The Community Food Network	\$0.098
• Ozarks Food Harvest	\$0.101
• St. Louis Area Food Bank	\$0.059

The food banks which charge SMF had, in 2000, a total cost and weight attributable to the SMF:

- \$1,402,763 SMF's
- 16,458,233 pounds
- \$0.086 average SMF per pound
- 826 member pantries of which 284 (34.4%) distribute both federally donated agriculture commodities and nonfederal food products through The Emergency Food Assistance Program (TEFAP).

The average SMF charge per pound for 2000 (FY 2001) of \$.086 was a decline from the \$.108 average charge for 1999 (FY 2000). This decrease reflected an increase in the amount of donated or free food distributed by the food banks. Donated foods offset overhead costs incurred for costs for federal and nonfederal commodities and food products.

Participating food banks distributed 15,883,068 pounds of federal and nonfederal commodities and food products in 1999 and 16,458,233 pounds in 2000. This was a 3.6% increase and DFS officials assumed 3.6% per year increase to calculate the fiscal impact of this proposal.

ASSUMPTION (continued)

They used the average SMF charge for 1999 and 2000 (\$.097 per pound) in their calculations and adjusted pounds per year to adjust for the fact that food banks operate on a calendar year basis.

FY 2003

17,982,517 pounds x \$.097 x .345 (percent of pantries qualifying for aid) x .833 (10 months of the fiscal year) = \$ 503,261.

FY 2004

18,629,88 x \$.097 x .345 = \$ 623,449

FY 2005

19,300,564 x .097 x .345 = \$ 645,893

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Department of Social Services</u>			
Food Pantry Assistance	<u>(\$503,261)</u>	<u>(\$623,449)</u>	<u>(\$645,893)</u>
<b>ESTIMATED EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$503,261)</u></b>	<b><u>(\$623,449)</u></b>	<b><u>(\$645,893)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

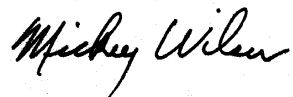
This legislation would allow the Division of Family Services to give financial assistance to local not-for-profit food pantries operating throughout the state which distribute federally donated agricultural commodities as well as non-federal food products.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Acting Director  
January 8, 2002